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SUMMARY RECORD OF THE 3rd MEETING

Held at the Vienna International Centre, Vienna,
on Wednesday, 20 November 2002, at 10 a.m.

President: Mr. HORVATH (Hungary)

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The meeting was called to order at 10.28 a.m.

PROGRAMMATIC REVIEW, INCLUDING SYSTEM-WIDE ISSUES (*continued*) (IDB.26/CRP.4 and CRP.5)

(a) UNIDO PARTICIPATION IN MAJOR INTERNATIONAL EVENTS (IDB.26/12 and Corr.1)

(b) IMPLEMENTATION OF MEDIUM-TERM PROGRAMME FRAMEWORK, 2002-2005, INCLUDING FIELD REPRESENTATION AND TECHNOLOGY FORESIGHT (*continued*) (IDB.26/7 and Corr.1 and IDB.26/15)

(c) GLOBAL BIOTECHNOLOGY FORUM (IDB.26/10)

MEDIUM-TERM PROGRAMME FRAMEWORK, 2004-2007 (*continued*) (IDB.26/8 and IDB.26/15)

1. **Mr. V. C. GARCIA III** (Philippines), speaking on behalf of the Group of 77 and China, took note of document IDB.26/12 and Corr.1 and acknowledged the relevance of global forum activities, but stressed that they should lead to strengthening the technical cooperation programme and, in particular, contribute to reducing unemployment, alleviating poverty, bridging the gap between developed and developing countries and lessening the risk of marginalization of developing countries.

2. He welcomed the Secretariat's participation in the Monterrey Conference and the recent World Summit on Sustainable Development at Johannesburg, South Africa, and commended the initiatives launched in the areas of rural energy and technology transfer, emphasizing the need for such initiatives to take the priorities of developing countries into account. UNIDO should continue to cooperate with the World Trade Organization (WTO), the United Nations Conference on Trade and Development (UNCTAD) and the International Trade Centre (UNCTAD/WTO) in helping developing countries and countries with economies in transition to overcome technical barriers to trade.

3. The Group of 77 and China took note with interest of document IDB.26/7 and Corr.1, supported the medium-term programme framework (MTPF) for 2002-2005 and recognized UNIDO's essential role in building industrial capacity aimed at facilitating market access and poverty reduction. They reaffirmed the importance of the initiatives of UNIDO for strengthening the industrial capacities of developing countries and promoting investment, technology transfer, interaction with the private sector and interregional cooperation.

4. He was pleased to note that UNIDO continued to provide technical cooperation services in such important areas as the development of small and medium enterprises, agro-industry, South-South cooperation, the promotion of cleaner production, greenhouse gas reduction and energy. He welcomed the measures taken by UNIDO to disseminate technology foresight activities in Africa and Asia. A rational system of technical cooperation delivery was essential, and the steps taken to establish an appropriate monitoring and evaluation system for the field structure were to be welcomed; they would help ensure that a unified image of UNIDO was presented.

5. With regard to the Global Biotechnology Forum (IDB.26/10), biotechnology could contribute to sustainable development and help meet socio-economic needs, particularly in agro-food and processing industries. The objectives of the Global Biotechnology Forum were relevant to the strengthening of sustainable industrial capacities of developing countries. The Group of 77 and China urged Member States to actively participate in the Global Forum, to be held at Concepción, Chile, in December 2003, and in the regional consultative meetings.

6. Turning to agenda item 4, concerning the medium-term programme framework, 2004-2007 (see document IDB.26/8), he said that the new MTPF should maintain broad continuity with the MTPF for 2002-2005 and take into account the 1997 Business Plan on the Role and Functions of UNIDO. Any recommendation on programme improvements should be in conformity with the concepts outlined in those documents. The Group of 77 and China hoped that the new thematic initiatives being developed would be incorporated in integrated programmes or country service frameworks to encourage new financial commitments from donors.

7. The Secretariat should give due consideration to the strategic guidelines for the MTPF proposed by Japan; Japan's initiative in that regard constituted a constructive contribution towards UNIDO's improvement.

8. **Ms. POULSEN** (Denmark), speaking on behalf of the European Union (EU) and the candidate countries Bulgaria, the Czech Republic, Hungary, Lithuania, Malta, Poland, Romania, Slovakia and Turkey, said that the MTPF for 2004-2007 should maintain broad continuity with the current MTPF but that UNIDO should continue adapting its functions to the changing global economic environment. Any change in direction should take into account UNIDO's comparative advantages, the priorities set in the 1997 Business Plan

and a realistic assessment of likely available funds. The EU wished to see clear evidence that the new framework would lead to a significant increase in the percentage of technical cooperation funding going to the least developed countries and a more focused range of interventions.

9. UNIDO should continue to work with other agencies to improve the delivery of development assistance across the United Nations system. The EU welcome UNIDO's efforts to keep in close contact with the relevant stakeholders and welcomed the presence of the Deputy Director-General of WTO.

10. The guidelines proposed by Japan were a valuable contribution to the implementation of the current MTPF and the development of the next MTPF. It was important to better identify areas in which UNIDO had a comparative advantage.

11. With regard to the new thematic initiatives, new initiatives should be embarked on only if funding was secured and when the initiatives were within the priorities of the Business Plan. The EU requested the Director-General to prepare an assessment of the proposed initiatives and to inform Member States of those he regarded as the most promising and how and when he proposed to introduce them.

12. Regarding the Global Biotechnology Forum, if the Forum was to contribute to the ongoing debate in other forums on the relevant issues it was vital that the key stakeholders should be closely involved in its planning. The composition of the Forum's Steering Committee should reflect that. It would be helpful if the Secretariat could circulate a list of the Steering Committee members as soon as possible.

13. A balanced approach to biotechnology was necessary to ensure that the Forum remained technical and focused on realistic objectives. That should be reflected in the language used in documents related to the Forum.

14. Any significant future UNIDO activities in the field of biotechnology should be subject to further discussion by the governing bodies. It was time for the Board to clarify UNIDO's role in the preparation for the Forum. The current Board session should pass a short resolution welcoming the Forum but stipulating that the Secretariat should ensure that the Forum's priorities were clearly related to UNIDO's mandate. The resolution should also clearly recall the procedures for reporting on the Forum's outcomes to the governing bodies of UNIDO, which would then decide on any follow-up.

15. UNIDO had been accepted by the Global Environment Facility (GEF) as an executing agency and was to be congratulated on its performance in that regard. The EU encouraged it to implement appropriate projects funded through the Facility, particularly where they involved technology transfer.

16. In conclusion, she reiterated the need for UNIDO to focus on areas where it had comparative advantages and where it could contribute towards the achievement of the Millennium Development Goals. New initiatives should also be seen in that context.

17. **Mr. FIGUEROA** (Observer for Argentina), speaking on behalf of the Latin American and Caribbean Group (GRULAC), reiterated the Group's support for UNIDO's participation in international events concerned with development. A concrete result of such meetings had been the launch of a trade facilitation programme for Central America. With regard to the implementation of the MTPF for 2002-2005, he reiterated the importance of the initiatives for promoting industrial capacities in developing countries, investment promotion, technology transfer, interaction with the private sector and interregional cooperation. GRULAC welcomed UNIDO's activities in the areas of small and medium industries, South-South cooperation and agro-industry and shared its concern to promote clean development, the reduction of greenhouse gases, the efficient use of energy and increased use of renewable and alternative sources of energy.

18. Regarding technology foresight, GRULAC attached particular significance to the current project in the Latin American and Caribbean region and supported measures to extend technology foresight activities to other regions. The Group urged the Secretariat to continue its efforts to monitor and evaluate field representation with a view to strengthening it.

19. GRULAC supported the Global Biotechnology Forum to be held at Concepción, Chile, and expected it to facilitate effective technology transfer and the sustainable economic development of the least developed countries

20. On agenda item 4, he expressed hope that the MTPF for 2004-2007 would maintain continuity with the MTPF for 2002-2005. GRULAC supported Japan's proposals for improving programme efficiency and had taken part in the negotiations on document IDB.26/15 in a flexible spirit. It attached great importance to the Secretariat's proposal on new thematic issues, and hoped soon to receive detailed proposals from the Secretariat on the MTPF for 2004-2007.

21. **Mr. SREENIVASAN** (India), speaking on behalf of the Asian Group, said that UNIDO's participation in international events would help enhance its profile, promote cooperation within the United Nations system and facilitate the mobilization of additional funds for

cleaner and sustainable development projects in areas where UNIDO had comparative advantages. He welcomed such UNIDO initiatives as the trust fund for trade facilitation launched during the Monterrey Conference and the initiatives on rural energy for productive use and on technology transfer. The Organization's participation in global forum activities should strengthen technical cooperation delivery, helping to reduce unemployment, alleviate poverty and lessen the gap between developed and developing countries.

22. The Group hoped that the recent adoption of a new structure for UNIDO, with three divisions, would prove successful in providing greater focus and coordination. Although reforms should continue, a period of consolidation was now required.

23. The new thematic initiatives should be incorporated in integrated programmes and country service frameworks.

24. Small and medium enterprises (SMEs) played an important role in reducing poverty, and he commended the Organization's efforts to implement a policy that took into account the special needs of the SMEs. He supported the proposed stress on rural and women's entrepreneurship and attached importance to UNIDO's cluster and networking activities. He took note of the shift in emphasis in Montreal Protocol projects towards plans for phasing out ozone-depleting substances.

25. With regard to the Global Biotechnology Forum, the Group attached importance to UNIDO's role in providing the least developed and developing countries with mechanisms to promote technology development and transfer.

26. Turning to item 4, he expressed support for UNIDO's efforts to promote the focusing of its services within the broad framework defined by the Business Plan and the MTPF for 2002-2005. The Group hoped that UNIDO's transformation would make its work more focused and efficient. UNIDO's policy should be geared to responding to a constantly changing international economic environment and the special needs of its client countries. The Asian Group welcomed Japan's proposal for strategic guidelines for UNIDO programmes. The Group hoped that the proposals would be taken into consideration in the implementation of the Business Plan.

27. **Mr. SCHOOMBIE** (Observer for South Africa), speaking on behalf of the African Group and referring to agenda item 3 (b), said that the Group attached great importance to the principles enshrined in the medium-term programme framework, 2002-2005, including the geographical, sectoral and thematic focus of UNIDO activities and the prioritization of services to the least developed countries, which, in the case of Africa, meant support for agro-related industries and small and medium enterprises. UNIDO should continue its efforts to strengthen the industrial capacities of developing countries so that those countries could become fully integrated into the world economy. He welcomed efforts to promote investment and technology transfer and the establishment of an interregional Africa investment promotion agency network.

28. SMEs were crucial for economic growth, job creation and poverty alleviation in Africa, and the UNIDO programme for rural and women's entrepreneurship development was therefore particularly important. The Group urged the Organization to pursue further initiatives in that regard and reiterated the importance it attached to the global training programme for cluster and network development functions.

29. South-South cooperation should be promoted as an important means of creating complementarities and reducing the marginalization of developing countries. The Organization also had an important role to play in technology transfer, with a view to enhancing the industrial base of developing countries. With regard to cleaner and sustainable industrial development, the Group hoped that the 10 new National Cleaner Production Centres (NCPCs) envisaged in the medium-term programme framework, 2002-2005, would be established. Other priority areas for the Organization were energy efficiency, renewable and alternative sources of energy and agro-related industries. The Group also hoped that, in the coming year, technology foresight activities would be extended to Southern Africa and the Maghreb region.

30. Members of the African Group had contributed to the preparation of the proposed strategy paper contained in document IDB.26/15 and believed that UNIDO should remain a focused and results-oriented organization with visible and measurable output and service delivery. It would be important for the Organization to adhere to the 1997 Business Plan when it implemented the strategic guidelines in the document.

31. With regard to item 4, he said that the medium-term programme framework, 2004-2007, should maintain continuity with the current framework. However, there was scope to adjust the range of services offered by the Organization and to refine implementation in accordance with changes in demand. In that regard, the Group particularly welcomed the new concept of thematic initiatives which, combined with integrated programmes in individual countries, should help to attract fresh financial support from donors. It was to be hoped that those initiatives would provide the specialized assistance needed to enable developing countries to overcome technical barriers in various areas

of industrial development, and that those considered most promising could be introduced without delay.

32. **Mr. JENKINS** (United Kingdom) said that document IDB.26/15 was fully consistent with the 1997 Business Plan and would be very useful when the next medium-term programme framework was drawn up. The United Kingdom had long supported calls for UNIDO to become more effective and efficient by focusing on a small number of niche areas where it had particular expertise. That approach would help to ensure that UNIDO was recognized as a relevant organization by the international community.

33. He welcomed the suggestion in the document that programmes should be demand-led and linked to national poverty reduction and development strategies, as that would encourage national participation. He agreed that UNIDO needed to focus its global forum activities on ways of ensuring that the poor benefited from globalization. The document also rightly emphasized the need for proper coordination between UNIDO activities and United Nations system-wide activities so that the Millennium Development Goals could be more easily achieved. Lastly, it mentioned the likely benefits of a results-based management system, in which evaluation of performance would play a key role. In that context, his delegation welcomed the plan to establish a Comptroller General's Office. As a result of wide-ranging consultations, the document took into account the views of all Member States, and his delegation looked forward to its adoption later in the session.

34. The document did not, however, address the report of the Secretary-General of the United Nations on "Strengthening of the United Nations: an agenda for further change". That report contained a number of recommendations that were relevant to UNIDO, and his delegation therefore welcomed the Director-General's stated intention to give the issue due consideration.

35. Referring to document IDB.26/7, he expressed his delegation's full support for the Organization's efforts to improve field representation, including the introduction of a career-training plan for UNIDO representatives and plans to improve coordination. It was to be hoped that some of the new recruits in the coming years would have gained field representation experience with other agencies of the United Nations system. He also welcomed the fact that the most recent gathering of heads of Investment and Technology Promotion Offices (ITPOs) had been held in the United Kingdom to coincide with the inauguration of the United Kingdom ITPO.

36. The Global Biotechnology Forum would provide an opportunity to discuss how biotechnology could contribute to sustainable development. The UNIDO Secretariat was no doubt aware that it would be counter-productive for the Forum to concern itself with the controversial issues of trade in genetically modified products and intellectual property rights, or to allow its deliberations to become politicized. It was to be hoped that the Board would reach a consensus on support for the Forum.

37. Regarding agenda item 4, he welcomed the development of thematic initiatives as a means of delivering technical cooperation, but hoped that the Secretariat would make a realistic assessment of funding possibilities and take into account the need for focus when it decided which initiatives to proceed with. His delegation strongly supported the thematic initiative on enabling developing countries to participate in international trade, which was in line with views expressed by development ministers at the Group of Eight Summit in Kananaskis, Canada, in June 2002. He would be signing a memorandum of understanding to formalize a United Kingdom contribution to the trust fund for that initiative during the current session of the Board.

38. It might be helpful for the Secretariat to arrange a workshop where development experts could discuss priorities for the next medium-term programme framework. Representation would need to be balanced to ensure that the process was demand-led but also took account of donor funding priorities. The United Kingdom would be pleased to provide an expert to participate in any such workshop.

39. **Mr. BERDENNIKOV** (Russian Federation) welcomed the continued improvement in the overall financial situation of UNIDO and the high rate of payment of contributions and settlement of arrears during the reporting period. However, the total amount of outstanding contributions remained high and the voting rights of 51 Member States had been suspended. Efforts to resolve the problem by working with countries which were in arrears should continue, and the possibility of debt restructuring should be considered in that context. The countries of Central and Eastern Europe had a particularly good record in the timely payment of their contributions. His delegation would welcome a progress report from the Secretariat on the matter.

40. It was particularly worrying that the non-payment of contributions had resulted in reduced expenditure on technical cooperation over the past decade. Resources should be mobilized through cooperation with international organizations and the Bretton Woods institutions, and in the context of the Global Environment Facility and major international agreements.

41. His delegation welcomed the development of thematic initiatives on the basis of existing integrated

programmes and country service frameworks. It was to be hoped that those initiatives would improve the efficiency of the Organization, foster contact with potential donors and help to mobilize additional resources. The potential for obtaining new funding from the private sector should also be explored. In that connection, his delegation requested the Secretariat to provide information on the outcome of the Partnership Programme, particularly with regard to resources for the Industrial Development Fund.

42. His delegation also welcomed the recent introduction of the financial performance control system and supported the draft decision recommended by the Programme and Budget Committee on strengthening internal oversight, which he urged members to approve.

43. His delegation supported the proposals of the Director-General for the medium-term programme framework, 2004-2007, contained in document IDB.26/8, which took into account the need for continuity and the need to adapt the Organization's services to changes in the international situation. It was also emphasized that it was important for UNIDO to concentrate on the areas in which it had particular expertise. One of those areas was the strengthening of industrial capacities in developing countries and countries with economies in transition. In that context, the Organization's activities in the field of investment and technology transfer and interregional cooperation were particularly important and should focus on institutional capacity-building, training national staff of investment promotion agencies and the development of investment projects.

44. His delegation welcomed the proposed strategy paper contained in document IDB.26/15 and hoped that the proposals would be taken fully into account in the Organization's programmes for 2002-2007. Lastly, his delegation supported the stand taken by UNIDO at the Monterrey Conference and the Johannesburg Summit.

45. **Mr. GONZALEZ ANINAT** (Chile) said that, as announced at the previous session of the Board, Chile planned to host a Global Biotechnology Forum in the year 2003; it would be held at Concepción in December. The Government of Chile, under President Lagos, had offered its full backing for the event. He expressed gratitude for the support received from a number of Member States, and from UNIDO as a whole, in the organization of the Forum, and said that every effort would be made to ensure its success.

46. The Forum would allow Governments, the private sector, academics, non-governmental organizations and civil society to come together with a view to developing a joint strategy on the use of biotechnology to promote equitable sustainable development. It would also provide a clear opportunity to analyse the possible impact of biotechnology on the economies of developing countries and countries in transition.

47. He announced that the Permanent Mission of Chile, in conjunction with the Government of Austria and UNIDO, was organizing a seminar on human security and food security, with special emphasis on biotechnology, which was to be held in December 2002 in Vienna. Interested countries and international academics and scientists involved in biotechnology had been invited, and he would also welcome the participation of other Member States.

48. Lastly, he commended the proposed strategy paper contained in document IDB.26/15, which provided a sound basis for consideration of the Organization's work in the medium term.

49. **Ms. H. MOHAMED** (Ethiopia) said that African countries were making efforts to consolidate peace, security, democracy and good governance, which were prerequisites for economic growth and sustainable development. Those principles were also at the heart of the New Partnership for African Development (NEPAD). However, Africa still required assistance and resources in order to implement NEPAD, and UNIDO had an important role to play in that regard.

50. The Organization's efforts to employ and train local experts for the implementation of integrated projects should be maintained in order to promote sustainable development and technology transfer. The use of local experts kept costs down and meant that each country built up a body of people with the skills needed to implement projects.

51. Cooperation between UNIDO and like-minded organizations might provide a means of locating additional sources of funding and might also help to avoid duplication of effort in certain areas of activity. Her delegation commended the Organization's integrated programmes and would like to cooperate more closely with the Organization to ensure that the projects implemented in Ethiopia were more precisely focused.

52. The establishment of regional offices in developing countries would help to promote industrialization, but should not be allowed to divert resources from national projects. Her delegation was looking forward to the opening of such an office in Addis Ababa. The regional offices would also foster South-South cooperation, which was an important initiative for the promotion of industrial development in the countries in question.

53. She welcomed the Organization's efforts to promote investment and business opportunities in developing countries, which would help such countries

to become self-reliant. She called on the donor community to support those efforts and stressed the importance of allowing them sufficient time to bear fruit.

54. Ethiopia had achieved some positive results in the use of biotechnology and supported the Organization's efforts in that regard, which would require adequate resources in order to be successful. Nonetheless, the utmost care was needed in order to avoid the potential negative impact of such technology. Lastly, her delegation called on Member States to pay their assessed contributions on time as a gesture of commitment to the Organization's work.

55. **Mr. PARKER-ALLOTEY** (Ghana), referring to document IDB.26/7 on the implementation of the medium-term programme framework, 2002-2005, welcomed the information it contained on the Organization's work directed towards strengthening industrial production and institutional capacities. He also welcomed the development of thematic initiatives to provide specialized assistance to developing countries and countries with economies in transition.

56. Developing countries needed to become globally competitive, yet they faced the problems of falling export earnings and soaring import prices. Large trading blocs created barriers to free trade, which resulted in the marginalization of developing countries. In that context, the efforts of UNIDO to help developing countries gain access to international markets were vital, in particular the projects for creating and strengthening local standards, metrology, testing and quality (SMTQ) systems in various regions of the world.

57. A key element of Ghana's new development strategy was the effort to involve the private sector and to attract investment from developed countries. Ghana therefore attached great importance to the special investment forums organized by UNIDO, such as the Cairo Forum which had taken place in April 2002.

58. Job creation and poverty alleviation were essential for developing countries, and in that regard the Organization's technical cooperation activities, particularly those related to SME development, were most welcome. In addition, Ghana wished to benefit from the Organization's assistance to textile industries in sub-Saharan Africa and explore the possibility of further assistance in the leather and wood sectors. South-South cooperation was also being rightly emphasized, and UNIDO should enhance its efforts in that regard, training local consultants to spearhead the industrialization process.

59. He welcomed efforts to develop cleaner production activities, reduce levels of greenhouse gases, improve energy efficiency and increase the use of renewable and alternative sources of energy. Those efforts would contribute to sustainable development and help to conserve the world's natural resources. Lastly, his delegation hoped that the measures adopted for monitoring and evaluating UNIDO field operations would lead to greater decentralization.

60. **Mr. ZARRUK GOMEZ** (Deputy Minister of Economic Development of Colombia) welcomed the efforts of the Secretariat to develop a set of thematic initiatives. That work, and all the new activities developed by UNIDO, should provide a stimulus for the payment of contributions to the regular budget and for a significant increase in the voluntary contributions of donor countries. Colombia saw in UNIDO a valuable partner for the attainment of the goals of cleaner and sustainable industrial development.

61. His Government was drawing up a national development plan focusing on policies and strategies for democratic security, growth and job creation, reducing inequality and improving education and public administration. Protecting democracy and the security of Colombians and foreign investors would assist economic recovery.

62. The conflict in Colombia had become more acute in recent decades. Illegal armed organizations had increased and a comprehensive security policy had become necessary to protect the population, strengthen the presence of the State, where it was weak, regain control over areas influenced by illegal armed groups, defend national sovereignty, combat narcotics trafficking and organized crime and promote justice and social development. The strategy also stressed the protection and promotion of human rights and international humanitarian law, the promotion of harmonious coexistence and values, foreign relations and international cooperation.

63. Colombia's development strategy foresaw a total investment of 108 billion pesos. The aim was to profit from competitive advantages and take into account the growing globalization of markets and the intensification of competition.

64. The integrated programme being implemented by Colombia in cooperation with UNIDO and its three components—strengthening the promotion of investments and technology; improving the quality, competitiveness and operation of Colombian industry; and developing methodologies to improve the competitiveness of small and medium enterprises—had had a significant positive impact on the capacity of Colombia's industrial sector. Those and other projects supported by UNIDO formed part of the Government's development strategy. In particular, Colombia was hoping for participation by donor countries in the

financing of a project for the development of mini production chains in rural areas.

65. Colombia fully supported the process of decentralization of the Organization, with the aim of bringing it closer to realities in the field. That would mean making greater use of local human resources, thus giving countries a feeling of being more closely linked to UNIDO's programmes. He thanked the Secretariat and the GRULAC member countries for their support for the Regional Office established at Bogotá, and appealed for the necessary resources to be assigned to it.

66. **Mr. PAULINICH** (Peru) expressed support for UNIDO's participation in international events and urged it to continue to make its contribution to the themes on the international agenda with initiatives in those areas in which it had comparative advantages. He also expressed support for the thematic initiatives launched by UNIDO in the areas of trade facilitation and rural energy. Peru endorsed the idea that an informal group of Member States should be formed to develop those initiatives, and expressed its desire to participate.

67. With regard to the implementation of the medium-term programme framework, 2002-2005, priority attention should be given to such aspects as the promotion of South-South cooperation, technology foresight activities, development strategies and technologies in agro-industrial sectors, the transfer of technology—particularly agro-related technology and biotechnology—and small and medium enterprises.

68. A related matter was the Global Biotechnology Forum to be held at Concepción, Chile, in December 2003. That event was of particular interest to Peru, with its biodiversity. Biotechnology was one of Peru's national development priorities. Looking to the future, Peru considered that the medium-term programme framework, 2004-2007, should continue along the lines of the medium-term framework, 2002-2005, subject to the adjustments necessary to focus UNIDO's technical cooperation activities on areas in which it could exploit its competitive advantages. His delegation welcomed the informal consultations that were taking place in that regard on the initiative of the delegation of Japan.

69. **Mr. SAVANE** (Minister of State for Industry and Handicrafts of Senegal) said that he had wished to address the session, in the first place, because Senegal was anxious to further enhance its fruitful cooperative relations with UNIDO, which had been centred for the last three years on the integrated programme developed by UNIDO for Senegal.

70. Senegal had expressed its interest in becoming a member of the Industrial Development Board so that other developing countries would benefit from its experience, and hoped that Senegal's candidature would be given favourable consideration. The desirability of an equitable rotation of the seats on the policy-making organs among African countries had been recognized by the African Group.

71. He wished now to comment on the integrated programme in Senegal. During the first phase of the programme, seven components had been targeted, reflecting the different UNIDO service modules. Those were: (a) the development and implementation of a national industrial strategy; (b) the establishment of a national network of industrial information; (c) the development of micro, small and medium enterprises; (d) the development of industrial partnership; (e) the promotion of quality, standardization and metrology; (f) the promotion of a cleaner environment; and (g) the upgrading of industrial enterprises in priority sectors. The funds mobilized to date, thanks to UNIDO, amounted to 3.1 million dollars as compared with a total requirement assessed at 7.8 million dollars, and the average rate of implementation of the programme for all components had attained 40 per cent. He thanked UNIDO and all the donors, particularly Austria, Denmark, the European Union, France, Japan and the United Nations Development Programme (UNDP).

72. The support of the international community for Senegal had permitted the formulation of a new national policy, called the "Policy for Industrial Redeployment 2020". The diagnosis phase and the formulation of the new policy had been made possible by funds allocated by UNIDO under component 1 of the integrated programme. The documents produced had subsequently been endorsed by the Senegalese private sector. The objectives that had been set for the medium and long term were being incorporated in concrete plans of action, which would also be submitted to the private sector for endorsement. He hoped that UNIDO support for component 1 could continue in order to enable Senegal to complete the planning exercise.

73. For the purpose of sharing the Government's vision with all its partners, he had established an ongoing forum designated "Mondays for Industry", the outputs of which were published as booklets. However, lack of financing had led to the suspension of that activity.

74. With regard to the component concerned with the establishment of a national industrial information network, 80 specialists who managed the focal points of the Monitoring Centre for Senegalese Industry had been trained in the course of the previous three years. Five information nodes had also been strengthened for producing and exchanging industrial information. A national seminar on the use of information technology had been organized at Dakar with the help of UNIDO experts. What was needed now was to consolidate what

had been achieved by mobilizing the necessary funds for continuing the programme.

75. Regarding the promotion of micro, small and medium enterprises, the basic components of a support project had begun thanks to Austrian cooperation. For reasons of efficiency and synergy with the national policy for promoting small and medium enterprises, the unit for implementing that project had been located within the management company responsible for the Dakar industrial estate, also under the supervision of the Ministry for Industry and Handicrafts.

76. Turning to the development of industrial partnership, he paid particular tribute to French cooperation, which, for the previous two years, had financed the stationing of a delegate from the Senegalese private sector at the UNIDO Office in France. At the end of his mission, that delegate could be deployed at the Asia-Africa Investment and Technology Promotion Centre in Kuala Lumpur, bringing his experience, expertise and knowledge of the African private sector to that UNIDO Centre, which currently had no human resources from the African continent.

77. The technical support of UNIDO had also enabled Senegal to launch its National Subcontracting and Industrial Partnership Exchange, which was paid for by the dues of its members from Senegalese industry and a subsidy from the Ministry.

78. Those results had been obtained as a result of intense efforts by the local UNIDO representatives, in liaison with the Ministry, to promote the programme among bilateral donors. Assistance had also been received from UNDCP. Further concerted action to mobilize funds was needed.

79. He urged all UNIDO Member States to support the priority accorded by the Director-General to strengthening the process of decentralization. Decentralization would help make UNIDO a credible and efficient institution, the impact of whose programmes would be universally acknowledged. He appealed for voluntary contributions from the industrialized countries and political support from all Member States to back the Director-General's plan to transfer more responsibilities to the field offices, particularly with regard to Africa and the less developed countries, which were the geographical priorities of the UNIDO Business Plan.

80. His second concern in addressing the Board was to stress the need for high priority to be given to the subregional initiatives launched by African ministers of industry within the framework of the African regional economic communities. The African countries were in agreement that, if they wanted programmes that would have a strong impact in the short term, they must unite their forces, as envisaged in the adoption of the New Partnership for African Development. He urged the Director-General of UNIDO to devote particular attention to the implementation of NEPAD's target of diversifying African production and exports. Already, in cooperation with the European Union, UNIDO had been involved in the establishment of a system of accreditation, standardization and quality promotion among the members of the West African Economic and Monetary Union (WAEMU). He urged the expansion of such initiatives and hoped that another ambitious programme relating to the upgrading of WAEMU industries could be launched.

81. The Director-General had expressed his wish to see UNIDO support Africa's subregional initiatives, and the members and secretariat of WAEMU were ready to form a partnership with UNIDO to mobilize funds for upgrading the subregion's industries.

82. In conclusion, he wished to reaffirm Senegal's commitment to UNIDO and thank the Director-General for his untiring efforts to strengthen Africa's productive capacity and promote access to third markets for African manufactured goods.

83. **Mrs. KAYIJIRE** (Secretary-General of the Ministry of Commerce, Industry and Tourism of Rwanda) said that she wished to present the case of Rwanda as an example of a post-conflict economy requiring special assistance, and to discuss experience gained in the implementation of the UNIDO integrated programme for Rwanda.

84. Rwanda was an East African country belonging to the Common Market for Eastern and Southern Africa. The population was estimated at 8.3 million, with an average annual growth rate of 3 per cent, one of the highest in sub-Saharan Africa. Annual income per capita was US$ 250 and 60 per cent of the population lived below the poverty line.

85. The economic development of Rwanda had been badly affected by the 1994 genocide, which had devastated the country. More than a million people had been massacred, and refugees and displaced persons had numbered about 4 million. Most of the socio-economic infrastructure had been destroyed or damaged. The following were some indicators of the macroeconomic situation at the time: the gross national product had fallen by more than half in real terms; per capita gross domestic product (GDP) had dropped from US$ 301 to 228, increasing the percentage of Rwandans living below the poverty line from 58 per cent to more than 70 per cent; gross domestic savings as a percentage of GDP had fallen from 6.2 per cent to -46.8 per cent; the private sector had been destroyed and the level of tax revenues had fallen from 10.1 per cent to 3.7 per cent of

GDP, thus aggravating the budgetary deficit, which had increased from 7.7 per cent to 11.5 per cent of GDP.

86. To rebuild the economy, the Government, in July 1994, had set itself the following main objectives: to restore a stable social and political order; to rehabilitate and consolidate the administration; to repatriate, resettle and reintegrate all refugees and displaced persons; to rehabilitate the production sector, social services and basic infrastructure; to re-establish institutions and to redefine appropriate policies for the management of the national economy. The strategies adopted to achieve those objectives were aimed at: resolving the problems of internal security and issues relating to the right to property and giving equal opportunities to all economic activities; seeking solutions to meet the macroeconomic challenges on the basis of rigorous economic management and support from international organizations and donors; putting in place a macroeconomic framework and a programme of technical assistance to strengthen the capacity for macroeconomic management, reduce inflation, contain the imbalance in the balance of payments and promote economic revival. The accompanying measures that had been introduced related to: regaining control of public finances by introducing budgetary discipline in the management of fiscal administration and the control of public expenditure; increasing public investment through grants and loans for reconstruction and rehabilitation; increasing agricultural production and exports; liberalizing all sectors of the economy, including the exchange rate to permit macroeconomic adjustments and stimulate competitiveness; managing the national debt by consolidating domestic debt and by negotiating debt relief with external creditors; negotiating agreements on structural adjustment with the Bretton Woods institutions.

87. The Government had been able to mobilize external bilateral and multilateral partners for reconstruction and development. Noteworthy results had been achieved. Most of the people in exile in 1994 had been repatriated, basic social services had been restored and a special fund to assist survivors of the genocide had been established. The administrative and economic infrastructure had been rapidly re-established. With regard to good governance, laws had been passed and institutions established to guarantee the proper functioning of public entities and transparency in the conduct of economic and social policy and local administration. The macroeconomic situation had been stabilized. Action had been taken to promote the revival of the private sector, such as the simplification of the legal and regulatory framework, privatization and the creation of new institutions to support the private sector.

88. The industrial sector of Rwanda was modest in scale. Forty per cent of manufacturing establishments were involved in the production of food and beverages. The employment created was 2 per cent of total employment, and the sector contributed 19 per cent to GDP. The major challenges facing the industrial sector were the small size of the domestic market, the weak competitiveness of manufactured products, the lack of basic infrastructure and the shortage of public finance due to the burden of debt servicing. The strategies put in place by the Government to revive the industrial sector had been defined in the general framework of the National Programme for Poverty Reduction. They were aimed at promoting agro-industry, encouraging industry to use more local resources and increase value added, supporting services to industry, focusing efforts on the rehabilitation and improvement of the production apparatus, promoting standardization, strengthening quality management and promoting exports.

89. As part of the efforts to reconstruct and relaunch the industrial sector, on 14 April 1999 UNIDO and the Government of Rwanda had signed a joint communiqué setting up an integrated programme with four components. Under the first of those components, a programme for the rehabilitation and restructuring of Rwandan enterprises had been launched and the Rwanda Bureau of Standards set up. Under the second, a Rwanda SME Support Centre (CAPMER), involving the private and public sectors and also a number of international organizations, including non-governmental organizations, had been established. Under the third component, an industrial policy had been formulated to take account of the current economic situation, and a data bank on industrial production established. Lastly, UNIDO had provided support for a government project to construct small hydroelectric power stations in rural areas. Some 259 sites, with a potential capacity of 20 megawatts, had already been identified, and a project document submitted to GEF.

90. Rwanda was faced with challenges unique in Africa: the legacy of the 1994 genocide remained, and 90 per cent of the population subsisted on agriculture. Promotion and development of micro, small and medium-sized enterprises for the processing of raw materials was one way of creating jobs and income. In line with Vision 2020, the Government's objective was to reduce the proportion of the population living below the poverty line from 60 per cent to below 25 per cent. Yet, given Rwanda's narrow resource base and budget and balance-of-payments deficits, further support from the development partners and donors would be necessary if that goal was to be fulfilled. Accordingly, she called on the donor countries to support implementation of the integrated programme, with a view to ensuring sustainable economic development in Rwanda.

91. Her delegation welcomed the success of the reforms undertaken by UNIDO, while expressing the hope that programmes currently under way would have tangible results in the field. She wished to thank all

those donor countries that had supported integrated programmes for industrial development in developing countries, including her own; and, in particular, the Director-General for his visit to Rwanda in January 2002. Rwanda was grateful to all concerned for their continuing efforts to strengthen its industrial production capacity in the wake of the recent conflict.

92. **Mr. SAHINBAS** (Turkey), speaking on agenda item 3 (a) commended UNIDO's endeavours to contribute to the World Summit on Sustainable Development (WSSD) in areas where it enjoyed comparative advantage, such as the formulation of initiatives for "Type 2" outcomes in the fields of energy for sustainable development and technology transfer. Enhanced international cooperation was needed to bring energy services to the poor in rural areas. His delegation thus welcomed the positive response to that initiative, and requested information on progress made in establishing a UNIDO trust fund for rural energy development. Developing countries needed to acquire the technologies that would help them achieve their development targets. Accordingly, UNIDO should pursue its efforts in the area of technology transfer, seeking to create a synergy between the technology transfer initiative and its technology foresight activities. UNIDO's participation in major international events was to be welcomed, not only as an opportunity to share and disseminate its experience, but also as enhancing its visibility and profile in the United Nations system and development assistance circles.

93. On item 3 (b), Turkey was of the view that to maintain the effectiveness of any business plan it was important periodically to assess the outcome of activities carried out, in order to make performance-improving adjustments and reorient activities so as to tackle the challenges resulting from a changing economic environment. It shared the view that a vibrant and competitive SME sector was crucial for sustainable development and for the regional and local economic growth that would result in poverty alleviation. Accordingly, Turkey hoped that the regional project to promote SMEs in Azerbaijan, Kyrgyzstan and Uzbekistan would achieve tangible results. In that context, it was encouraging to note that the Business Advisory Centre in Tashkent and the Business Investment Promotion Unit in Bishkek had become operational. The project document should be revised to include the proposed support for the State programme to develop SMEs in Azerbaijan.

94. Turkey acknowledged the importance of the technology foresight programme, and proposed to host a meeting on the theme of "Development of national and regional capabilities" in 2003. That theme would be of the utmost importance for the countries of the region, including member countries of the Black Sea Economic Cooperation Pact, and would make a significant contribution to those countries' national technology foresight programmes. Turkey was looking forward to working with the Secretariat on the finalization of preparations for that meeting.

95. Agro-industries constituted the central sectoral priority of the Business Plan. In January 2002 Turkey had hosted and co-financed an International Workshop and Study Tour in the Field of Agro-Industries in which representatives from nine countries with ongoing integrated programmes had participated. Turkey would welcome the opportunity to cooperate with UNIDO on other similar projects, and was looking forward to the endorsement by UNIDO of the project document, which would enable it to transfer the necessary funding to the Industrial Development Fund as a special-purpose contribution, so that the second workshop could take place before the end of 2002. His Government was willing to support UNIDO integrated programmes in the coming years, on the basis of cost-sharing as in the case of the previous workshop.

96. Turkey noted with satisfaction that UNIDO continued to attach high priority to supporting sustainable industrial development in accordance with international instruments and conventions on environment protection. As a signatory of the Stockholm Convention on Persistent Organic Pollutants (POPs), Turkey had designated UNIDO as the GEF implementing agency to oversee implementation of POP-related activities in Turkey. A draft project proposal on such activities had been submitted to UNIDO for GEF endorsement.

97. Over the past 10 years, as an implementing agency of the Montreal Protocol, UNIDO had made a significant contribution to the phasing out of ozone-depleting substances, and had also been given responsibility for a country-wide methyl bromide phase-out project in Turkey. In that regard, it was gratifying to note that UNIDO had received an overall assessment of 99 per cent for its performance against its investment project targets.

98. On item 3 (c), he noted that the potential of biotechnology for eliminating poverty and improving the quality of life made it especially important for the developing countries. Nonetheless, the main users of biotechnology remained the developed countries and knowledge-based economies. The Global Biotech-nology Forum could provide a valuable opportunity to exchange views on that critical issue.

99. As to item 4, technical cooperation should remain at the core of UNIDO's activities to reduce poverty through sustainable industrial development. The Organization's efforts to focus its technical cooperation activities and consolidate the range of services it offered into service modules were thus to be welcomed.

Nevertheless, the success of its technical cooperation activities would largely depend on its ability to adjust to changing demands by taking into account its comparative advantage and accumulated expertise. The thematic initiatives referred to in paragraph 10 of document IDB.26/8 could provide tangible benefits and specialized assistance to developing countries, provided that they were carefully evaluated in terms of resource constraints, feasibility and the principle of comparative advantage.

100. Lastly, Turkey welcomed the proposal from Japan for strategic guidelines aimed at improving UNIDO's programme delivery. That initiative could provide an opportunity to address the need for increased efficiency and effectiveness in UNIDO's activities, and to improve the Organization's capacity to address changing global economic needs.

101. **Mr. MARQUEZ MARIN** (Venezuela) said that UNIDO's efforts to promote sustainable industrial development in developing countries should also focus on those countries—many of them in Latin America—that had attained moderate development and that were currently in the grip of economic recession owing to factors such as low productivity, undue emphasis on the production of raw materials in an increasingly competitive market, tariff barriers and local subsidies. Venezuela was confident that, under the leadership of the Director-General, UNIDO would continue to play an important role in promoting sustainable development in his country and in the region as a whole.

102. His Government was initiating a series of economic reforms aimed at promoting a productive, diversified and competitive economy through the development of SMEs. UNIDO had undertaken to support strategic projects in such areas as technology parks and enterprise incubators, investment promotion, etc. Timely implementation of that cooperation programme would consolidate the relationship between UNIDO and Venezuela, which—it bore noting—had received little direct economic support from UNIDO over the past decade, in spite of its continuing support for the Organization, which it had selected as implementing agency for programmes and projects under the Montreal and Stockholm Protocols. Against that background, the recent signature of agreements between UNIDO and Venezuelan institutions was particularly welcome.

103. Lastly, Venezuela supported the strategy paper proposed by Japan and, given Venezuela's rich biodiversity, which constituted an invaluable resource for sustainable development, would participate actively in the Global Biotechnology Forum.

104. **Mr. FABIJANSKI** (Observer for Poland) said that his delegation was of the view that the medium-term programme framework, 2002-2005, was in line with the Business Plan and the integrated services, reflected UNIDO's dual role as a global forum and a provider of specialized technical cooperation and clearly defined the substance of UNIDO's actions and the regional and country focus of its interests. Nevertheless, his delegation welcomed the initiative taken by Japan aimed at further improving the efficiency and effectiveness of UNIDO's activities under the medium-term programme frameworks. It supported the conceptual premisses and guiding principles set forth in section I of document IDB.26/15, which highlighted the need for new approaches and strategies in order to make industry a more dynamic instrument for growth. Sections II and III of the document outlined the way forward for UNIDO activities in the years to come, against the background of a changing world environment. His delegation therefore urged the Board to endorse the proposed guidelines and the draft decision in that regard submitted by the delegation of Japan.

105. **Mr. CABAÑAS RODRIGUEZ** (Cuba) said that UNIDO's presence at such important international events as the International Conference on Financing for Development and WSSD promoted international cooperation and working relations between UNIDO and other agencies of the United Nations system. The Global Biotechnology Forum to be held at Concepción, Chile, in 2003 would be a unique opportunity for UNIDO to support developing countries in an important area for sustainable development, by identifying priorities, needs and opportunities, particularly in the agro-industry and food processing sector. Cuba wholeheartedly supported that initiative. It also supported the implementation of the medium-term programme framework, 2002-2005, and hoped that the medium-term programme framework for 2004-2007 would maintain broad continuity with the current framework. In that regard, Japan's proposal for strategic guidelines for the medium-term programme frameworks was of great value, and he was grateful to the delegation of Japan for its receptiveness to other delegations' ideas on the question. Cuba also supported the Secretariat proposal concerning new thematic initiatives, which it saw as a useful package of which countries could take due account in the light of their individual needs and interests.

106. **Mr. LAL** (India) said India took note of UNIDO's participation in and contribution to WSSD, as described in document IDB.26/12, and of the Organization's initiatives on rural energy for productive use and on technology transfer. Such focused participation in major international events should enhance UNIDO's profile, promote cooperation within

the United Nations system and mobilize additional funds for cleaner and sustainable development projects in areas where UNIDO had comparative advantage.

107. India reiterated its support for the medium-term programme framework, 2002-2005, and stressed the essential role of UNIDO in building industrial capacities aimed at facilitating competitiveness, market access and poverty reduction. In that regard, it took note of the report by the Director-General on implementation of the medium-term programme framework, 2002-2005, including field representation and technology foresight (IDB.26/7), and welcomed the thematic initiatives launched earlier in 2002 at Monterrey and Johannesburg, which would be incorporated in the integrated programmes and country service frameworks. Closer cooperation with financial institutions was needed in order to address the credit requirements for the investment opportunities generated by UNIDO programmes. The medium-term programme framework for 2004-2007 should continue the work on the new initiatives.

108. In an era of globalization, UNIDO had an important role to play in capacity-building and technology promotion for SMEs. Delivery of technical cooperation services must be made more effective and relevant, through a field presence, decentralization and local participation in programmes. Periodic monitoring would be necessary to ensure that cost and time overruns were minimized. Information on the progress of projects must be shared with the stakeholders without delay, so as to ensure maximum impact.

109. On item 4, his delegation noted the proposals contained in document IDB.26/8, and welcomed the initiative of Japan concerning strategic guidelines. It was to be hoped that the Board would adopt the draft decision submitted by Japan on that subject, thus paving the way for focused implementation of the Business Plan.

110. The country service framework programme for India signed in 2001, which aimed at maximizing the developmental impact of UNIDO's activities through enhanced synergy between UNIDO, the Government and other agencies, had four major components: strengthening SME competitiveness through technology-led interventions; promoting foreign direct investment; promoting cleaner and environmentally friendly technologies and policies; and promoting industrial growth in less developed areas. Its implementation was expected to lead to an enhanced presence of UNIDO in areas and regions that had hitherto not benefited from such programmes.

111. His delegation drew attention to the need to shorten the project preparation cycle, perhaps through the establishment of a set of project concepts for use in formulation of detailed proposals. It also called for greater decentralization of responsibilities at the field level. The field offices needed to have a greater role in the formulation and implementation of projects and in their follow-up. Increased delegation of authority to the field offices would allow quicker response to the specific requirements of Member States and result in closer integration of projects.

112. His Government had recently agreed to support a project aimed at strengthening the capabilities of the member countries of the South Asian Association for Regional Cooperation (SAARC) in the areas of standards, metrology, testing and quality systems. It had also approved the operational phase of the International Centre for Advancement in Manufacturing and Technology (ICAMT), one of the seven international technology centres operating under the aegis of UNIDO. A number of sectoral projects had been undertaken to promote the competitiveness of industrial sectors and to provide low-cost housing and technology in Africa. The Centre's activities needed to be more closely integrated with other UNIDO programmes if it was to play a pivotal role in dissemination and transfer of manufacturing technologies.

113. On the basis of positive feedback concerning the pilot phase, the second phase of UNIDO's public-private partnership programme in the automotive component sector had been launched. Its aim was to strengthen supply chain management in the sector so as to enable domestic enterprises to become globally competitive. The programme included in-built mechanisms for periodic monitoring as well as concurrent and post-project evaluation.

114. His delegation remained committed to supporting UNIDO's objective of strengthening industrial capacities to ensure cleaner and sustainable development. In the context of the continuing globalization and integration of world trade, UNIDO had an important role to play in helping less developed countries and developing countries to upgrade skills and industrial capacities in order to join the mainstream of global industrial development. UNIDO should place still greater focus on results-based approaches to its objectives, programming and management, and should endeavour to strengthen its systems for qualitative and quantitative performance measurement.

The meeting rose at 1.20 p.m.